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Report Highlights:

Post forecasts 2010/11 soybean planted area to reach 2.75 million hectares with a production of 6 million tons, down from the estimated 7.2 million tons in 2009/10. The 2009/10 crop conditions have been very good overall due to abundant rains. 2009/10 soybean yields are expected to be higher than average, with some contacts estimating averages around 2.7 tons per hectare overall. Soybean production for 2008/09 was revised upward to 4 million tons based on complete market-year export data, and a lack of available supplies to accommodate higher exports, indicating a higher production than previously estimated. 2010/11 sunflower production is forecast at 150,000 tons on a planted area of 100,000 hectares. The 2009/10 sunflower crop is estimated at 100,000 tons on a harvested area of 80,000 hectares -- much lower than previous estimates due to a significant drop in planted area following price declines and lower yields due to excess rain in some areas.

Commodities:

Oilseed, Soybean
Oil, Soybean
Meal, Soybean
Oilseed, Sunflowerseed
Oil, Sunflowerseed
Meal, Sunflowerseed

Production:

Soybeans

Post forecasts 2010/11 soybean planted area to reach 2.75 million hectares, up from the estimated 2.55 million hectares in 2008/09, and 2.68 million hectares for 2009/10, due to an expected increase in area available for soybeans. Contacts indicate that profit margins generally favor soybeans vis-à-vis alternative crops, which will cause lower planted areas for wheat and corn, as well as limited sunflower area. Production is forecast at 6 million tons, due to expected returns to average yields at 2.2 tons per hectare.

Post estimates 2009/10 soybean production at 7.2 million tons on a harvested area of 2.68 million hectares – revised from USDA's 7 million tons on 2.8 million hectares due to current information provided by contacts. Approximately 2.52 million hectares were planted with the primary soybean crop, followed by an additional 150,000 hectares of second-crop (zafriña). Overall yields for this year's crop have been good in most areas due to timely rains. Contacts indicate that pest pressures were high as a result of humidity; however producers were able to keep losses under control with increased spraying of pesticides. The crop is approximately 80 to 90 percent harvested. There are concerns that the remaining first-crop soybeans in the south and the zafriña yet to be harvested could have lower than expected yields due to pest and temperature problems through harvest.

The 2008/09 crop production is revised to 4 million tons on 2.55 million hectares. Post's estimate was increased by 100,000 tons based on complete market-year trade data indicating a higher export volume than previously estimated -- and a lack of available supplies to accommodate the higher exports -- indicating that production was slightly higher than previously estimated. Yields were drastically affected in 2008/09, estimated at 1.5 tons per hectare, following a severe drought in the Southern Cone region.

Since 2005, Paraguayan farmers have paid royalties to Monsanto Co. for the intellectual property in its biotech soybeans. Prior to this agreement, producers had used Roundup Ready soybean seeds without paying royalties. Each season, the price is negotiated between the provider of the technology (in this case Monsanto) and the farmers' unions, informing the Government of Paraguay once the price is set. A portion of those royalties is used to fund the Agricultural Biotechnology Institute (INBIO in

Spanish), which carries out crop research and germplasm improvement programs within the country. The payment for 2009 is currently set at US$4.40 per bag of seed used to sow one hectare of soybeans.

Sunflowerseeds

Post forecasts that 2010/11 sunflower production will reach 150,000 tons on a planted area of 100,000 hectares. Planting intentions are expected to rebound somewhat from their sharp drop in 2009/10. Despite the rebound, planted area potential will be limited by less favorable margins for sunflowers vis-à-vis alternative crops. One factor that will greatly affect planting intentions of sunflower producers will be corn prices at time of planting. In Paraguay, sunflowers are a winter crop that competes directly with corn for acreage. As international prices for corn are favorable, more farmers may opt to plant corn at the expense of sunflower area.

Post estimates the 2009/10 sunflower crop at 100,000 tons on a harvested area of 80,000 hectares, down sharply from the 300,000 tons on 185,000 hectares in 2008/09. The drop in planted area was a result of high prices at planting in the previous season (around $600/ton) followed by drastically lower prices at harvest (around $200/ton), which spoiled planting intentions. In addition, the current crop has fared poorly due to excess moisture and suffered losses in some areas due to hail. As a result, overall yield for the 2009/10 crop is estimated at 1.2 tons per hectare, well below the trend yield of 1.5 to 1.6 tons per hectare.

Consumption:

Soybeans

Total domestic soybean consumption for 2010/11 is forecast at 1.63 million tons, unchanged from the previous year due to stable feed, waste, and domestic consumption patterns.

Crushing capacity in Paraguay has not significantly increased in recent years as it is difficult to compete with Argentina’s economy of scale and the differential export tax that benefits its processing sector. Paraguay’s overall capacity is around 1.6 million tons per year. The crushing industry is highly concentrated in a few large traders (at around 1.25 million tons) with small cooperatives and local traders having around 350,000 tons of capacity. Post expects crush levels to remain fairly constant at 1.5 million tons for 2009/10 and 2010/11 due to the stable crush capacity and incentives to keep local crush facilities operating at capacity. Soybean meal production is forecast to reach 1.17 million tons, while soybean oil production is expected to reach 270,000 tons for those years. The 2008/09 crush estimate was lowered to 1.4 million tons due to a lack of available supplies after accounting for the higher than previously estimated exports for that year. Most industry sources indicate that 8 to 10 percent of soy meal is consumed domestically, mainly as animal feed.

Soybean oil is usually mixed with other types of oils to produce cooking oils and margarines for the domestic market. Soybean oil use for biodiesel production is insignificant in Paraguay as most biodiesel producers opt for beef tallow over soy oil as a feedstock. Some contacts and the press report rumors of small-scale projects for biodiesel production using soybean oil; however, Post contacts indicate that none of those have gone beyond planning stages and no significant investments have yet been made.

Sunflowerseeds

Sunflowerseed crushing is estimated at 110,000 tons for 2010/11, up from 90,000 tons in 2009/10. Crush is lowered for 2009/10 due to a lower crop production that year as area and yield are estimated to have fallen significantly. 2008/09 crush is estimated at 135,000 tons. Crush capacity as well as consumption of sunflowers and sub-products for feed use is fairly stable.

Domestic consumption of sunflowerseed meal and oil is low. For 2010/11, Post estimates total domestic consumption of sunflower meal to reach 32,000 tons, while oil consumption that year is expected to reach 5,000 tons. For 2009/10, Post forecasts meal and oil consumption at 31,000 tons and 5,000 tons, respectively.

Trade:

Soybeans

Post forecasts 2010/11 unprocessed soybean exports at 4.4 million tons, down from the 5.5 million tons estimated for 2009/10. This drop is primarily due to expected lower production as next year's crop will likely have lower yields as they revert to the longer-term trend. Due to the historical drought and resulting production drop in 2008/09, Post estimates exports at 2.6 million tons for that year, up from the previously estimated 2.4 million tons based on currently available trade data covering the entire marketing year.

Prior to an April 2009 change in Argentine import rules which removed incentives for Paraguayan soybeans (see Argentina Oilseeds Annual 2010), a major destination for Paraguayan beans was neighboring Argentina, which imported for its enormous crushing capacity in Rosario. In CY 2007, approximately 39 percent of Paraguay's unprocessed soybean exports were sent to Argentina. In CY 2009, Paraguay's exports to Argentina fell to 19 percent, with 75 percent of the exports to Argentina for that year taking place during the first four months of the year -- before the incentives were removed. Most Paraguayan soybean exports now go to Nueva Palmira in Uruguay before shipping out to other international destinations. In CY 2009, 52 percent of Paraguayan soybeans were shipped to Uruguay. Post contacts indicate that some Argentine processors continue to import Paraguayan beans due to their higher protein content. Post expects around 100,000 tons of Paraguayan soybeans to be exported to Argentina in 2010/11 without the incentives previously granted.

Sunflowerseeds

Post forecasts that 2010/11 sunflowerseed exports will reach 50,000 tons. 2009/10 exports are expected to drop to 50,000 tons, significantly lower than USDA's 90,000 tons due to the expected smaller supply caused by lower area and lower expected yields. Post estimates exports for 2008/09 reached 130,000 tons due to higher than expected production for that year.

Production, Supply and Demand Data Statistics:

Statistical Tables -- Data is in 1,000 hectares and 1,000 tons

Oilseed, Soybean Paraguay	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Mar 2009			Market Year Begin: Mar 2010			Market Year Begin: Mar 2011		
	USDA Official	Old Post Data	New Post Data	USDA Official	Old Post Data	New Post Data	USDA Official	Old Post Data	New Post Data
Area Planted	2,550	3,000	2,550	2,800	2,600	2,680			2,750
Area Harvested	2,550	2,700	2,550	2,650	2,600	2,680			2,750
Beginning Stocks	150	20	150	44	25	14			49
Production	3,900	3,800	4,000	7,000	6,500	7,200			6,000
MY Imports	15	15	22	15	15	15			15
MY Imp. from U.S.	0	0	0	0	0	0			0
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	4,065	3,835	4,172	7,059	6,540	7,229			6,064
MY Exports	2,400	2,190	2,637	5,200	4,850	5,550			4,400
MY Exp. to EU	700	800	700	850	800	800			800
Crush	1,500	1,500	1,400	1,550	1,500	1,500			1,500
Food Use Dom. Cons.	0	0	0	0	0	0			0
Feed Waste Dom. Cons.	121	120	121	130	140	130			130
Total Dom. Cons.	1,621	1,620	1,521	1,680	1,640	1,630			1,630
Ending Stocks	44	25	14	179	50	49			34
Total Distribution	4,065	3,835	4,172	7,059	6,540	7,229			6,064
CY Imports	15	0	15	15	0	0			0
CY Imp. from U.S.	0	0	0	0	0	0			0
CY Exports	2,400	2,100	2,600	5,200	4,500	5,500			4,500
CY Exp. to U.S.	0	0	0	0	0	0			0
TS=TD			0			0			0

Oil, Soybean Paraguay	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Mar 2009			Market Year Begin: Mar 2010			Market Year Begin: Mar 2011		
	USDA Official	Old Post Data	New Post Data	USDA Official	Old Post Data	New Post Data	USDA Official	Old Post Data	New Post Data
Crush	1,500	1,500	1,400	1,550	1,500	1,500			1,500
Extr. Rate, 999.9999	0.	0.	0.18	0.	0.	0.18			0.18
Beginning Stocks	13	25	13	15	25	2			5
Production	278	270	252	287	270	270			270
MY Imports	4	5	3	4	5	3			3
MY Imp. from U.S.	0	0	0	0	0	0			0
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	295	300	268	306	300	275			278
MY Exports	243	240	228	250	240	230			230
MY Exp. to EU	0	0	0	0	0	0			0
Industrial Dom. Cons.	0	0	3	0	0	2			4
Food Use Dom. Cons.	37	35	35	38	35	38			38
Feed Waste Dom. Cons.	0	0	0	0	0	0			0
Total Dom. Cons.	37	35	38	38	35	40			42
Ending Stocks	15	25	2	18	25	5			6
Total Distribution	295	300	268	306	300	275			278
CY Imports	4	5	3	4	5	3			3
CY Imp. from U.S.	0	0	0	0	0	0			0
CY Exports	225	250	225	250	250	225			230
CY Exp. to U.S.	0	0	0	0	0	0			0
TS=TD			0			0			0

Meal, Soybean Paraguay	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Mar 2009			Market Year Begin: Mar 2010			Market Year Begin: Mar 2011		
	USDA	Old Post	New Post	USDA	Old Post	New Post	USDA	Old Post	New Post
	Official	Data	Data	Official	Data	Data	Official	Data	Data
Crush	1,500	1,500	1,400	1,550	1,500	1,500			1,500
Extr. Rate, 999.9999	1.	1.	0.78	1.	1.	0.78			0.78
Beginning Stocks	166	29	166	25	30	78			30
Production	1,170	1,180	1,092	1,209	1,180	1,170			1,170
MY Imports	1	1	0	0	1	0			0
MY Imp. from U.S.	0	0	0	0	0	0			0
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	1,337	1,210	1,258	1,234	1,211	1,248			1,200
MY Exports	1,167	1,045	1,035	1,064	1,046	1,068			1,020
MY Exp. to EU	250	0	150	300	0	0			0
Industrial Dom. Cons.	0	0	0	0	0	0			0
Food Use Dom. Cons.	0	0		0	0	0			0
Feed Waste Dom. Cons.	145	135	145	149	135	150			150
Total Dom. Cons.	145	135	145	149	135	150			150
Ending Stocks	25	30	78	21	30	30			30
Total Distribution	1,337	1,210	1,258	1,234	1,211	1,248			1,200
CY Imports	1	1	0	0	1	0			0
CY Imp. from U.S.	0	0	0	0	0	0			0
CY Exports	1,200	1,000	1,000	1,065	1,000	1,100			1,000
CY Exp. to U.S.	0	0	0	0	0	0			0
SME	145	135	145	149	135	150			150
TS=TD			0			0			0

Oilseed, Sunflowerseed Paraguay	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Apr 2009			Market Year Begin: Apr 2010			Market Year Begin: Apr 2011		
	USDA Official	Old Post Data	New Post Data	USDA Official	Old Post Data	New Post Data	USDA Official	Old Post Data	New Post Data
Area Planted	180	0	185	180	150	80			100
Area Harvested	180	200	185	135	150	80			100
Beginning Stocks	0	54	0	13	40	39			14
Production	280	310	300	200	240	100			150
MY Imports	4	0	10	5	5	20			10
MY Imp. from U.S.	0	0	0	0	0	0			0
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	284	364	310	218	285	159			174
MY Exports	130	195	130	90	140	50			50
MY Exp. to EU	0	0	0	0	0	0			0
Crush	135	140	135	112	130	90			110
Food Use Dom. Cons.	1	0	1	1	0	0			0
Feed Waste Dom. Cons.	5	3	5	5	5	5			5
Total Dom. Cons.	141	143	141	118	135	95			115
Ending Stocks	13	26	39	10	10	14			9
Total Distribution	284	364	310	218	285	159			174
CY Imports	0	0	0	0	5	20			10
CY Imp. from U.S.	0	0	0	0	0	0			0
CY Exports	135	0	0	130	130	60			50
CY Exp. to U.S.	0	0	0	0	0	0			0
TS=TD			0			0			0

Oil, Sunflowerseed Paraguay	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Apr 2009			Market Year Begin: Apr 2010			Market Year Begin: Apr 2011		
	USDA Official	Old Post Data	New Post Data	USDA Official	Old Post Data	New Post Data	USDA Official	Old Post Data	New Post Data
Crush	135	130	135	112	130	90			110
Extr. Rate, 999.9999	0.	0.	0.4296	0.	0.	0.4333			0.4364
Beginning Stocks	0	12	0	2	6	1			7
Production	58	54	58	49	54	39			48
MY Imports	7	7	7	7	7	7			7
MY Imp. from U.S.	0	0	0	0	0	0			0
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	65	73	65	58	67	47			62
MY Exports	59	50	59	50	45	35			50
MY Exp. to EU	0	0	0	0	0	0			0
Industrial Dom. Cons.	0	0	0	0	0	0			0
Food Use Dom. Cons.	4	17	5	4	17	5			5
Feed Waste Dom. Cons.	0	0	0	0	0	0			0
Total Dom. Cons.	4	17	5	4	17	5			5
Ending Stocks	2	6	1	4	5	7			7
Total Distribution	65	73	65	58	67	47			62
CY Imports	7	7	7	0	7	7			7
CY Imp. from U.S.	0	0	0	0	0	0			0
CY Exports	60	50	60	60	45	35			50
CY Exp. to U.S.	0	0	0	0	0	0			0
TS=TD			0			0			0

Meal, Sunflowerseed Paraguay	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Apr 2009			Market Year Begin: Apr 2010			Market Year Begin: Apr 2011		
	USDA Official	Old Post Data	New Post Data	USDA Official	Old Post Data	New Post Data	USDA Official	Old Post Data	New Post Data
Crush	135	130	135	112	130	90			110
Extr. Rate, 999.9999	0.	1.	0.4222	0.	1.	0.4222			0.4273
Beginning Stocks	7	5	7	9	9	9			6
Production	57	74	57	47	74	38			47
MY Imports	0	0	0	0	0	0			0
MY Imp. from U.S.	0	0	0	0	0	0			0
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	64	79	64	56	83	47			53
MY Exports	22	20	22	20	20	10			15
MY Exp. to EU	0	0	0	0	0	0			0
Industrial Dom. Cons.	0	0	0	0	0	0			0
Food Use Dom. Cons.	0	0	0	0	0	0			0
Feed Waste Dom. Cons.	33	50	33	31	53	31			32
Total Dom. Cons.	33	50	33	31	53	31			32
Ending Stocks	9	9	9	5	10	6			6
Total Distribution	64	79	64	56	83	47			53
CY Imports	0	0	0	0	0	0			0
CY Imp. from U.S.	0	0	0	0	0	0			0
CY Exports	25	25	25	28	25	28			28
CY Exp. to U.S.	0	0	0	0	0	0			0
SME	31	47	31	29	50	29			30
TS=TD			0			0			0